

Message Text

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PAGE 01 HALIFA 00127 301726Z

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

USIA-15 EB-08 COME-00 TRSE-00 OMB-01 EURE-00

ITC-01 /079 W

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P 301640Z MAR 77

FM AMCONSUL HALIFAX

TO SECSTATE WASHDC PRIORITY 1584

INFO AMEMBASSY OTTAWA

UNCLAS HALIFAX 0127

E O 11652: N/A

TAGS: EFIN CA

SUBJECT: NOVA SCOTIA'S BUDGET: HOPE DEFERRED

1. NOVA SCOTIA'S NEW BUDGET, ANNOUNCED TO THE NS LEGISLATURE BY FINANCE MINISTER PETER NICHOLSON ON MAR 29, MAY GLADDEN THE HEARTS OF THE SURGEON GENERAL AND THE WCTU, BUT LITTLE ENTHUSIASM FROM OTHERS IS TO BE EXPECTED. SMOKERS AND DRINKERS ARE TO BE HIT BY AN ADDITIONAL 2-CENTS-A-PACK AND AN ADDITIONAL 50-TO-80-CENTS-A-BOTTLE LEVY ON CIGARETTES AND SPIRITS. THE PROVINCIAL TAX ON OTHER TOBACCO PRODUCTS WILL INCREASE TO 15 PERCENT FROM THE PRESENT 10 PERCENT. THE "GOOD NEWS" IN THE BUDGET MESSAGE WAS THAT THESE WOULD BE THE ONLY TAX INCREASES. THUS THE APPREHENSIONS OF THOSE WHO HAD FEARED INCREASES IN PERSONAL AND CORPORATE INCOME TAXES WERE LAID TO REST.

2. INCLUDED IN THE RECORD DOLS 1211 MILLION BUDGET ARE PLANS FOR 1977-8 CAPITAL SPENDING OF DOLS 225 MILLION--ALSO A RECORD FOR THE PROVINCE. IN A CRITIQUE OF THE BUDGET BY SENIOR ECONOMIST PETER GUENTHER OF UNCLASSIFIED

UNCLASSIFIED

PAGE 02 HALIFA 00127 301726Z

ATLANTIC PROVINCES ECONOMIC COUNCIL, IT IS THE USE OF THIS CAPITAL SPENDING PORTION WHICH WILL ULTIMATELY DETERMINE WHETHER BUDGET CAN BE CONSIDERED SUCCESS OR FAILURE. ON BASIS OF WHAT HE COULD SEE AT THIS TIME IN THE BUDGET, GUENTHER HAS CHARACTERIZED IT AS "AN HONEST, STRAIGHTFORWARD, AND GOOD BUDGET IN WHICH ARE INCLUDED MANY SENSIBLE MOVES".

3. OTHER HIGHLIGHTS OF THE BUDGET ARE A MODEST SURPLUS OF DOLS 92,500: AN INCREASE IN SOCIAL SERVICES SPENDING FROM DOLS 97.7 MILLION IN 1976-7 TO DOLS 115.3 MILLION IN 1977-8 (BLAMED ON GOC UNEMPLOYMENT POLICIES) : A RENEWED COMMITMENT TO REMAIN IN ANTI-INFLATION PROGRAM UNTIL "SOME DISCIPLINE" IS EVIDENT IN PRICE AND WAGE LEVELS: AND RENEWED EMPHASIS ON PRIMARY RESOURCES DEVELOPMENT.

4. POUCHING COPIES OF BUDGET TO EMBASSY OTTAWA AND EUR/CAN.

5. COMMENT: FINANCE MINISTER NICHOLSON IS AN OLD PRO WHO IS ADMIRERD INSIDE AND OUTSIDE OF GOVERNMENT AND ON BOTH SIDES OF THE AISLE IN THE LEGISLATURE. THE OPPOSITION WILL MAKE THE USUAL NOISES ABOUT THE BUDGET S TOTAL INADEQUACY BUT WILL PROBABLY ADMIT, PRIVATELY AND INDIVIDUALLY, THAT APEC ECONOMIST GUENTHER S ASSESSMENT OF THE DOCUMENT IS VALID.

6. WHERE NICHOLSON AND MOST OTHER WATCHERS OF THE CANADIAN NATIONAL AND PROVINCIAL ECONOMIES HAVE ERRED DURING THE PAST COUPLE OF YEARS HAS BEEN IN THEIR MISREADING OF THE TIMING OF THE ECONOMIC UPTURN FROM THE RECESSIONARY TROUGH. AT BUDGET TIME A YEAR AGO, NICHOLSON CONFIDENTLY CITED SURVEYS WHICH STATED THAT "1977 LOOKS TO BE A GOOD YEAR, INVESTMENT RISING BY ROUGHLY 15 PERCENT, AND MUCH LESS OF THAT REPRESENTING UNCLASSIFIED

UNCLASSIFIED

PAGE 03 HALIFA 00127 301726Z

CONSTRUCTION COST INCREASES". NO SUCH CONFIDENT AND UPBEAT STATEMENTS WERE MADE THIS YEAR. INSTEAD, THE IMPLICIT MESSAGE THIS YEAR IS THAT HOPES FOR ECONOMIC RECOVERY MUST BE DEFERRED TO SOME INDEFINITE TIME IN THE FUTURE. IF "HOPE DEFERRED MAKETH THE HEART SICK", THERE MUST BE MANY HERE WHO ARE SICK AT HEART. END COMMENT. MOORE

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Sent Date: 30-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Handling Restrictions: n/a
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Line Count: 105
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Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:09 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:07 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
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